

ANALYSIS OF ALTERNATIVE DEVELOPMENT
OPTIONS AND FUNDING FOR THE WAUKON FIRE STATION
PROJECT AND REASONS SUCH OPTIONS WOULD BE LESS
FEASIBLE THAN THE PRESENT PLAN

The purpose of the fourteenth amendment to the Southeast Urban Renewal Area Plan is to permit the use of tax increment revenue for the construction of a new fire station facility by Waukon Area Fire Protection District, the entity that provides fire protection services for the City of Waukon and the surrounding rural area. The City is proposing to contribute \$750,000 towards the construction costs and the rural townships, collectively, have pledged the same amount. The existing fire station was built in the early 1970s and is no longer of adequate size to house all of the fire district's equipment.

The development options available to the fire district to improve its fire station facilities are to either expand the existing fire station or to construct an entirely new facility. Studies have shown that there is not adequate space available at the location of the present fire station to meet the needs of the fire district and, in addition, the cost of any such expansion would be very substantial. It is believed that a new, larger facility in a more convenient location will better serve the needs of the public with respect to fire protection and emergency response.

The following is a discussion of possible funding sources available to the city for purposes of this project and the feasibility of utilizing the same:

1. Federal, State and Private grants. The Waukon Area Fire Protection District has thoroughly investigated the availability of grants to assist with this project. It is anticipated that Waukon Economic Development Corporation will gift to the fire district a suitable lot in the Waukon Industrial Park on which the new facility will be constructed. Given the economic climate, other large grants covering a substantial part of the cost of this project are simply not available at the present time.

2. General Fund. While general fund money received by the city could be used to pay all or part of the project costs, the city's general fund at present is barely able to cover the cost of basic city services which rely on this funding source. The general fund could not fund any significant part of the fire station project.

3. Local Option Sales Tax. The city has a local option sales tax but, as restricted by the referendum approving that tax, all of this money must be devoted to the maintenance and improvements of city streets.

4. Revenue Bonds. Fire protection and emergency response services do not generate revenue so no such bonds could be sold.

5. General Obligation Bonds. The city could issue general obligation bonds for the fire station project but fire station facilities are not essential corporate purposes under Iowa law which means the sale of bonds for this purpose would have to be approved by 60% of the voters in a referendum. In the present economic climate, and given the fact that this alternative would result in a property tax increase, there is good reason to think that a referendum would not be successful.

6. Tax Increment Financing. Tax increment financing is an available and logical way to cover part of the expense for the fire station project. The use of TIF would mean that some tax revenue that would otherwise go to Allamakee County, the Allamakee Community School District and the City's general fund would instead be received by the city and used to retire the debt incurred for purposes of the grant to the Waukon Area Fire Protection District. Since the fire protection district provides fire protection and emergency response services to the county and the school district without compensation, it is reasonable to use TIF revenue for this project.